

## MANILA ELECTRIC COMPANY, PETITIONER, VS. NATIONAL LABOR RELATIONS COMMISSION AND ISAGANI V. DE LA CRUZ, RESPONDENTS.

*G.R. NO. 84282. March 06, 1990*

Ponente: GANCAYCO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-84282/>

---

### GANCAYCO, J.:

The propriety of the reinstatement of an employee as ordered by the National Labor Relations Commission is in issue in this Petition.

The record of the case discloses that the herein private respondent Isagani V. De La Cruz was an employee of the herein petitioner Manila Electric Company. His principal duties include reading electric (consumption) meters in certain districts in the City of Manila as delivering the corresponding notices of electric consumption to the customers of the petitioner firm. He was employed in the company since June 30, 1980.

It appears that on October 20, 1985, a Sunday, the private respondent and his brother-in-law, a certain Jaime R. Muñera of Tondo, Manila, were in the vicinity of the PNR Compound in Paco, Manila. Some residents in the area reported their presence to the barangay authorities who in turn invited them over to the police station for questioning. Two residents of the locality filed their respective sworn statements to the effect that the private respondent and his brother-in-law had been introducing themselves to certain residents as inspectors of the petitioner firm and, in the process, had been extorting money from them in relation to some alleged illegal electrical connections discovered by the two.

A certain Edilberto O. Sierra, line patrol inspector of the petitioner firm, was present during the police investigation. He stated that an electric meter was indeed illegally installed at the residence of one Mrs. Ortaleza of No. 1332 PNR Compound, Paco, Manila inasmuch as the same had been previously recorded as the electric meter installed at the residence of one Agueda A. Cajigal of Sta. Ana, Manila which, however, had been recalled earlier and duly replaced. The inspector also said that the private respondent had no authority to install electric meters.

It also appears that two criminal cases were instituted against the private respondent, one for robbery-extortion filed by Encarnacion Alipio, a resident of Paco, Manila, and another for qualified theft filed by Edilberto Sierra, the inspector. The first case was dismissed for failure to prosecute. The other case was likewise dismissed on the ground of insufficient evidence.

On December 2, 1985, the private respondent was preventively suspended by petitioner. Thereafter, or on December 9, 1985, the petitioner initiated its own administrative investigation of the matter. The private respondent denied being responsible for any misconduct. He submitted a sworn statement alleging that on October 20, 1985, his brother-in-law wanted to see a certain friend at the PNR Compound in Paco, Manila and that he agreed to accompany him; that on their way to the PNR Compound, they went to Sta. Ana, Manila to pull out the inactivated electric meter of Agueda A. Cajigal which he failed to pull out a few days earlier as instructed by his

superiors because it would have been inconvenient for him to perform his meter-reading duties while carrying around an electric meter; that upon their arrival in Paco, Manila, he noticed that the residence of Mrs. Ortaleza apparently had an electrical service connection but did not have an electric meter and that accordingly, he wanted to confront her; that his brother-in-law talked to Mrs. Ortaleza; that his brother-in-law installed the inactivated electric meter at the residence of Mrs. Ortaleza; that he objected to what his brother-in-law did; that the barangay authorities arrived and asked them to identify themselves; and that despite having identified themselves, they were brought to the police station. He denied having extorted money from anybody. His brother-in-law admitted having talked to Mrs. Ortaleza and having installed the inactivated electric meter at her residence but added that he was merely playing a prank on her inasmuch as she looked very nervous. Nonetheless, he denied having extorted money from anyone.

On March 3, 1986, the private respondent was dismissed from his employment. This prompted him to file a Complaint for illegal dismissal against the petitioner before the National Labor Relations Commission. The case was docketed as NLRC-NCR Case No. 5-2098-86.

In due time, the labor arbiter assigned to the case decided in favor of the petitioner on the basis of position papers submitted by the parties, and without conducting a clarificatory hearing. The labor arbiter observed that the admission made by the brother-in-law of the private respondent to the effect that he was the one who installed the inactivated electric meter at the residence of Mrs. Ortaleza is contrary to common experience and was probably made just to save his brother-in-law, the private respondent, from losing his job. The labor arbiter also found the allegations of the private respondent and his brother-in-law too incredible to believe. The pertinent portions of the decision of the labor arbiter are as follows --

"x x x the admission of complainant's brother-in-law that he was the one who installed the pulled-out or frozen electric meter of a certain customer, Agueda A. Cajigal to the residence of Lydia F. Ortaleza, over the alleged vehement objections of complainant, is of no moment, considering that such an allegation is too preposterous to be taken as the naked truth, because it is contrary to nature, reason, or common sense. It is our view that such insinuation was resorted to by them, in order to save the skin of complainant who has nothing to lose, but everything to gain in such a situation.

"x x x. The denial and alibi that was given by the complainant is too hard to believe, considering that the incident occurred during his off-duty (hours) and that, he is not supposed to inspect (n)or confront respondent's customers, but only to report the existence of any illegal electrical connections. Moreover, complainant failed to show any reason why the witnesses who testified against him and his brother-in-law during the police investigation of October 20, 1985, did so, if they were not telling the truth.

"Taking all things into consideration, it would utterly be unfair and an injustice to respondent company to retain the complainant in the service, so that, we could safely conclude that the termination of complainant was for cause."[1]

This observation notwithstanding, the labor arbiter held that inasmuch as the private respondent was put under preventive suspension for more than 30 days, the petitioner violated Section 4, Rule XIV of the Rules implementing Batas Pambansa Blg. 130 which provides that no preventive suspension shall last longer than 30 days and that, accordingly, the petitioner firm should pay the private respondent his salary corresponding to the period of his preventive suspension in excess of the maximum period, i.e., the amount of P5,542.00. The labor arbiter also ruled that notwithstanding his just dismissal, the private respondent was entitled to some financial assistance for reasons of compassion in the amount of one-half month salary for every year of service, i. e., P6,927.50, thus bringing the total amount in favor of the private respondent to P12,469.50.[2]

The private respondent brought an appeal to the Fourth Division of the Commission on the ground that the

decision of the labor arbiter is contrary to law and the facts of the case.[3] In a decision promulgated on July 18, 1988,[4] the Commission set aside the appealed decision and held that the private respondent was illegally dismissed. The Commission directed the petitioner firm to reinstate the private respondent, without deprivation of his seniority rights, and to pay him backwages effective March 5, 1987 until his actual reinstatement. The petitioner firm was also instructed to pay the private respondent his two months salary withheld during the period of his preventive suspension in excess of the 30-day maximum period allowed by law, i. e., from January 2, 1986 to March 3, 1986. The Commission likewise ruled that in the event that reinstatement is not feasible, the petitioner firm should pay the private respondent the corresponding separation benefits.

The Commission observed that the private respondent was never given the chance to confront his accusers and that he was denied procedural due process during the company level investigation. The Commission also observed that the charges against him seemed baseless and that he was a victim of discrimination on the part of the petitioner firm. The Commission likewise decried the fact that the labor arbiter did not conduct a hearing on these matters despite having been informed by the private respondent that he (the private respondent) was not able to confront his accusers. The pertinent portions of the Decision of the Commission are as follows --

"We are not fully impressed by the foregoing finding and conclusions of the Labor Arbiter. After a thorough review and evaluation of the position papers as well as the pertinent documents and arguments of the parties, We are more inclined to sustain the position of complainant that, indeed, he was unjustly dismissed from the service by (the) management of respondent company, considering the manner and attendant circumstances surrounding his termination. We thus find the Labor Arbiter to have gravely abused his discretion in adopting a one-sided procedure by admitting and considering unverified statements and documents submitted by respondent without finding the necessity a clarificatory hearing, at least, to enable complainant to confront his accusers. Such proceeding was necessary as complainant was denied of that opportunity during the company level investigation. Hence, such failure or oversight of the Arbiter amounts to denial and deprivation of herein complainant of procedural due process, vitiating the integrity of the proceedings below.

"We further find the Labor Arbiter to have committed serious errors in his findings and conclusions. A mere reading of his factual conclusions patently indicates a virtual adoption of the position and arguments of respondent which are unsupported by clear and convincing evidence. To Our mind, the conclusions of the Arbiter are grotesquely erroneous for being entirely based on assumptions and surmises, nay hearsay evidence, unworthy of Our consideration.

"xxx xxx xxx.

"From the facts on record, the following relevant and material pieces of evidence emerge which the Labor Arbiter failed to fully appreciate and consider, namely:

"1. Complainant was denied of procedural due process during the company level investigation. The accusers of complainant were never presented to be confronted by the complainant, nor their statements taken by the company investigating officer. The records could neither show that the alleged statements of xxx the purported accusers of herein complainant xxx were ever shown to complainant for possible denial or admission. xxx said written declarations only surfaced during the arbitration proceedings as attachments to respondent's position paper, a fact undisputed by the latter.

"2. The criminal charges against complainant are wholly unfounded and baseless. The complaint xxx for alleged 'Robbery Extortion' was dismissed xxx for failure to prosecute, implying that the charges are fabricated and intended to harass herein complainant in retaliation by xxx (his) accusers for being discovered and confronted xxx (about) their illegal power connections. On the other hand, the case of 'Qualified Theft' filed by Edilberto Sierra, Line Patrol Inspector of respondent against complainant was likely (sic) dismissed for insufficiency of evidence, hence also implying some ulterior motives on the part of the accusers. By every nature of his job, Sierra should be the first one to discover the illegal power line connections of his co-accusers

before complainant would do, had the latter not been in the area of the PNR Compound on October 20, 1985.

"3. Respondent company appears to have discriminated against complainant by singling him out, there being no evidence on record as to whether the former took any steps to investigate the illegal power line connections discovered by complainant. It is rather unusual, why Sierra zeroed in on the alleged theft of company property by complainant and he did not take any steps, or much less recommend one, on the authors of the illegal power line connections. xxx.

"4. It has remained undisputed that complainant had a lawful or justifiable reason in pulling out the frozen electric meter at the former residence of Agueda Cajigal at Punta, Sta. Ana, Manila. Consequently, the charges of qualified theft against complainant could not prosper for lack of factual and legal basis. xxx.

"5. Complainant had a valid explanation for being at the PNR Compound, Paco, Manila on October 20, 1985 after coming from Punta, Sta. Ana because they were looking for the friend of his brother-in-law, Jaime Muñera. xxx.

"6. There is no direct evidenced clearly showing that complainant had allegedly committed serious or grave misconduct as would justify his dismissal. xxx.

"The circumstances about the October 20, 1985 incident at the PNR Compound was candidly explained by Jaime Muñera, complainant's brother-in-law, during the company investigation xxx.

"It is clear from the foregoing statements of Muñera that he alone was responsible for the installation of the pulled-out electric meter of Cajigal which he premised by doing it for fun upon observing that the store-owner xxx looked nervous when (she was) confronted about her illegal connection. xxx. An admission against interest only binds the person making it. xxx.

"xxx xxx xxx.

"In sum, the company investigation was not only defective and irregular but it (also) failed to establish and come up with clear and convincing evidence to convince Us with moral certainty that complainant is, indeed, guilty of the charges of serious misconduct and/or breach of trust reposed upon his position as meter reader of respondent company. The identities of the accusers of complainant who purportedly executed the statements relied upon by respondent have not been duly established both at the company level investigation and at the arbitration stage. In the absence of authentication or ratification by the persons allegedly executing them, said documents are mere scraps of paper with doubtful or dubious probative value. The Labor Arbiter should either have disregarded said documents or set a clarificatory hearing by issuing summons upon said persons to appear before him.

"xxx xxx xxx.

"We are not saying that complainant should be commended. We do recognize that complainant to some degree shall be subjected to disciplinary action for his inability to prevail upon his brother-in-law xxx. But We could not recognize said incident alone amounting to serious misconduct on the part of complainant as would justify his outright dismissal from the service. xxx.

"xxx xxx xxx.

"In the instant case, respondent had not even established the charges of breach of trust against complainant by preponderance of evidence. xxx.

"There is also doubt on whether or not the position of complainant de la Cruz as meter reader involves one of trust and confidence with respect to the 'use and possession of company property' xxx the principal duties of complainant being 'to read electric meters, and deliver notices of electric consumption' xxx.

"xxx xxx xxx.

"Even assuming that respondent in the instant case may have some cause or ground to impose disciplinary

action upon complainant, the manner in which it conducted its company investigation failed to observe fair play as the accusers of complainant were never presented for confrontation, hence, amounting to deprivation of complainant of the essential requirements to procedural due process. And during the arbitration proceedings, complainant was neither afforded the opportunity to confront his accusers.

“xxx xxx xxx..”[5]

Not satisfied therewith, the petitioner firm elevated the case to this Court on the grounds that the Commission violated its own Rules when it rendered the questioned Decision, that the said Decision goes against established jurisprudence, and that the Commission committed a grave abuse of discretion when it rendered the same. The petitioner maintains that under the Revised Rules of the National Labor Relations Commission, the labor arbiter is given the discretion to determine whether or not a clarificatory hearing is necessary and, accordingly, the Commission should not fault him for exercising his discretion. The petitioner firm also argues that the Commission did not adhere to the pronouncements of this Court to the effect that the findings of fact made by the labor arbiter, when supported by substantial evidence, should not be disturbed. The issuance of a temporary restraining order was likewise sought by the petitioner firm.

The Court notes that the main pleading is erroneously captioned "Petition for Review." This error notwithstanding, and in the interest of justice, the Court resolved to treat the same as a special civil action for certiorari in view of the jurisdictional issues raised herein. Moreover, labor cases are reviewed by this Court on a special civil action for certiorari.[6]

On August 15, 1988, the Court resolved to issue a temporary restraining order enjoining the respondents from enforcing the questioned Decision of the Commission.[7]

On September 14, 1988, the Office of the Solicitor General submitted its Comment on the Petition.[8] On November 7, 1988, the private respondent submitted his Comment.[9] In fine, the respondents submit that the Decision of the Commission is in accord with the law and jurisprudence and that, accordingly, the Petition should be dismissed for lack of merit.

On November 23, 1988, the Court resolved to give due course to the Petition.[10] In due time, the case was deemed submitted for decision.

After a careful evaluation of the entire record of the case, the Court finds the instant Petition devoid of merit. As pointed out by the Solicitor General, although Section 3, Rule VII of the Revised Rules of the National Labor Relations Commission gives the labor arbiter the discretion to determine if a hearing is necessary under the premises, this discretion must be exercised prudently. In the case at bar, it appears that notwithstanding the manifestation of the private respondent that he never got the chance to confront his accusers, the labor arbiter went on to resolve the case on the basis of position papers. Thus, the Commission correctly observed that the labor arbiter committed a grave abuse of discretion in this particular instance.

It is a well-known rule that before an employer may dismiss an employee he must be afforded due process which means, among others, the opportunity to confront the witnesses against him and to adduce evidence in his defense. Failing in this, the dismissal of an employee is not lawful and should be set aside.

The findings of fact made by the labor arbiter may not be disturbed by the reviewing authority as long as the same is supported by substantial evidence. In this case, the Commission was of the view that the labor arbiter committed serious errors in the appreciation of the facts of the case and, precisely due to the same, the Commission went on to make its own evaluation of the said facts. The action taken by the Commission in this regard was certainly called for considering the following matters -

(1)

The private respondent had a plausible explanation for pulling out an inactivated electric meter and for being at the PNR Compound in Paco, Manila on October 20, 1985;

(2)

Only his brother-in-law admitted sole responsibility for the unfortunate incident in question;

(3)

The private respondent never got the chance to confront his accusers; and

(4)

The two criminal cases instituted against the private respondent were dismissed, vis-a-vis the fact that his accusers in the criminal cases were also his accusers in the administrative proceeding.

In sum, therefore, the petitioner firm has failed to satisfactorily demonstrate any jurisdictional error on the part of the National Labor Relations Commission. At the very least, doubt has attended the propriety of the dismissal of the private respondent and that this doubt should be resolved in favor of the workingman.[11]

WHEREFORE, in view of the foregoing, the instant Petition is hereby DISMISSED for lack of merit. The temporary restraining order issued by the Court on August 15, 1988 is hereby lifted. The Court makes no pronouncement as to costs.

**SO ORDERED.**

Narvasa, (Chairman), Cruz, Griño-Aquino, and Medialdea, JJ., concur.

---

[1] Pages 74 and 75, Rollo.

[2] Pages 75 and 76, Rollo.

[3] Pages 77 to 82, Rollo.

[4] Pages 88 to 120, Rollo.

[5] Pages 93 to 117, Rollo.

[6] Asiaworld Publishing House, Inc. v. Ople, 152 SCRA 219 (1987).

[7] Page 121, Rollo.

[8] Pages 141 to 150, Rollo.

[9] Pages 157 to 169, Rollo.

[10] Page 170, Rollo.

[11] MD Transit & Taxi Co., Inc. v. Estrella, 113 SCRA 378 (1982)

**ABOUT BATAS.ORG**

# Study smarter at BATAS.org

*The Philippine bar review and law-school companion built around how your brain actually remembers.*

**The complete Philippine law library - free for everyone.**

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

**Audio case-brief lectures.**

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

**Bar review built on the science of memory.**

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

**The full law-school curriculum.**

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

**Mock exams that tell you where you stand.**

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

**A study planner that keeps you on pace.**

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

**Start free at <https://batas.org>**

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.